

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

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E.O. 11652 N/A

TAGS: EFIN, RO

SUBJECT: ROMANIAN DOLLAR BONDS

REF: STATE 143881

1. RAYMOND LISLE, VICE PRESIDENT OF FOREIGN BONDHOLDERS PROTECTIVE COUNCIL, INFORMED US THAT NEGOTIATIONS WITH ROMANIANS ON AN INTERIM AGREEMENT ON DOLLAR BONDS HAVE BEEN COMPLETED SUCCESSFULLY. DEPUTY FINMIN BITULEANU PLANNED TO RETURN TO BUCHAREST ON JULY 4 WITH AGREEMENT AND HOPES TO HAVE IT SIGNED BY JULY 15 OR, AT LATEST AUGUST 10.

2. WITHIN 10 DAYS AFTER AGREEMENT GOES INTO FORCE, GOR WILL DEPOSIT \$300,000 WITH CHOSEN FISCAL AGENT, MANUFACTURERS HANOVER TRUST.

3. AGREEMENT LISTS ALL ROMANIAN DOLLAR BONDS FLOATED IN U.S., OF WHICH THE FACE VALUE TOTALS APPROXIMATELY \$7.5 MILLION. HOLDERS OF THESE BONDS WILL BE ADVISED BY ADVERTISEMENT TO SEND THEIR BONDS TO FISCAL AGENT. THEY WILL RECEIVE AS AN ADVANCE PAYMENT 2-1/2 PERCENT OF FACE

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VALUE OF THEIR BONDS, WHICH WILL BE PAID OUT OF THE \$300,000. THESE BONDHOLDERS WILL BE ELIGIBLE TO PARTICIPATE IN THE FINAL SETTLEMENT.

4. NEGOTIATIONS FOR FINAL SETTLEMENT OF THE BONDS WILL BE HELD BETWEEN JANUARY 1 AND MARCH 31, 1975. THERE WAS NO AGREEMENT ON THE OUTLINES OF THE FINAL SETTLEMENT.

5. A SEPARATE PART OF THE AGREEMENT STATES THAT U.S. CITIZENS, INCLUDING U.S. CORPORATIONS, HOLDING DOLLAR DENOMINATED, PUBLICLY OFFERED BONDS OF THE ROMANIAN GOVERNMENT OR GUARANTEED BY THE ROMANIAN GOVERNMENT, OTHER THAN THOSE FLOATED IN THE U.S. AND THUS SPECIFICALLY MENTIONED, WOULD BE INVITED TO WRITE TO THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL AND PROVIDE INFORMATION ABOUT THEIR BONDS, INCLUDING THEIR NUMBER, DATE, AND FACE VALUE, AND WHEN AND HOW THE BONDS WERE ACQUIRED. THESE BONDHOLDERS ALSO WILL BE ASKED TO STATE WHEN THEY BECAME U.S. CITIZENS. NO ADVANCE PAYMENT WOULD BE MADE ON THESE BONDS BUT THE INTERESTS OF THESE BONDHOLDERS WILL BE TAKEN INTO CONSIDERATION IN THE FINAL SETTLEMENT.

6. THE AGREEMENT LIMITS THE DOLLAR DENOMINATED ROMANIAN BONDS TO BE CONSIDERED UNDER 5 TO THOSE WHICH WERE, AT THE TIME OF ANY SETTLEMENT WITH THE GOVERNMENT OF THE COUNTRY IN WHICH THE BONDS WERE FLOATED, NOT REPEAT NOT ELIGIBLE FOR PARTICIPATION IN SUCH SETTLEMENT. (PARTICIPATION IN MOST, AND PERHAPS ALL, SUCH SETTLEMENTS REQUIRED THAT THE HOLDERS OF THE BONDS BE CITIZENS OF THE COUNTRY REACHING THE SETTLEMENT WITH THE GOR.) ALSO, TO BE ELIGIBLE FOR CONSIDERATION THE BONDHOLDERS MUST HAVE ACQUIRED THE BONDS PRIOR TO JANUARY 1, 1973. THE INTENT OF THIS RESTRICTION IS TO EXCLUDE BONDHOLDERS THAT MAY HAVE PURCHASED BONDS FOR SPECULATIVE PURPOSES AFTER ROMANIA JOINED THE IMF AND THE WORLD BANK, AN EVENT WHICH MADE SETTLEMENT WITH THE BONDHOLDERS LIKELY.

7. WILL POUCH TO YOU COPY OF AGREEMENT WHEN WE RECEIVE IT.
, SISCO

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*** Current Classification *** LIMITED OFFICIAL USE

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